



ECONOMIC INDICATORS

MARCH - APRIL 2001

REVIEW OF RECENT ECONOMIC DEVELOPMENTS

EMPLOYMENT

**GROWTH
MODERATES AS
2001 BEGINS**

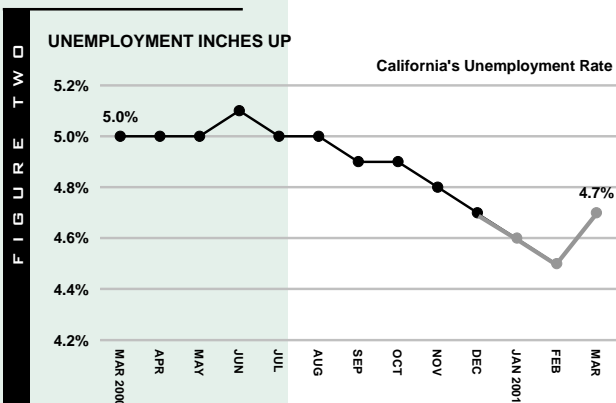
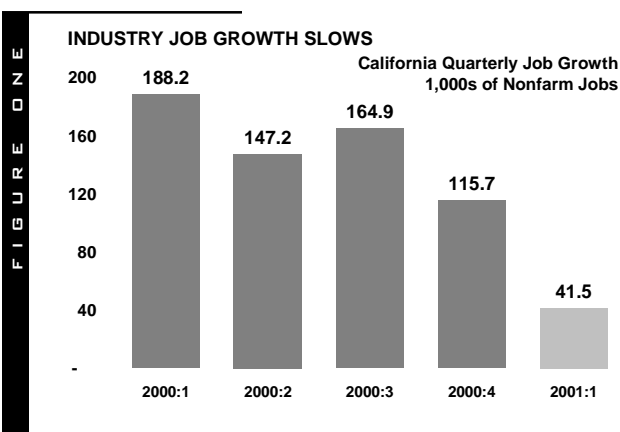
While California's economy is still growing at a healthy rate, there are signs that it is cooling from the torrid pace set in 2000. Employment growth in the first quarter of 2001 slowed and home sales and prices have begun to moderate.

Nonfarm employment rose by 56,900 in March. On average, nonfarm employment in California grew by only 13,100 during the first three months of 2001 compared to an average of 62,700 during the first three months of 2000. The average monthly increase throughout 2000 was 45,700.

While all major industry sectors grew in March, the service sector was the state's growth leader, adding 19,100 jobs. This included gains of 7,100 in business services (which includes computer programming and personnel supply services) and 4,300 in motion pictures.

Government employment, the second largest growth sector after services, expanded by 6,100. Most of this growth was in local education. Federal government employment rose by 600.

Manufacturing employment grew by 3,300 in March, nearly evenly split between durable and nondurable producers. Emerging weakness in high technology manufacturing was offset by significant gains in building-related industries such as lumber and wood products, and fabricated metals.



On a year-over-year basis, California industry employment grew by 3.1 percent, or 438,600 jobs, in March compared to 3.6 percent in March 2000. All major industry sectors, including mining, expanded over the year. Services added the most jobs, 192,000. Business services accounted for over half of this growth, expanding at an 8.5 percent rate from the addition of 112,600 jobs. Government followed with the addition of 53,800 jobs for a 2.3 percent growth rate. Local governments—principally public schools—accounted for most of the growth in the public sector.

INSIDE

California Foreign Trade 2000 ..	3
Economic Indicator Tables	5
Economic Indicator Charts	8
Chronology	13

BUILDING ACTIVITY

FEE INCREASES
DRIVE HOME
BUILDING SURGE
IN JANUARY

California's unemployment rate rose two-tenths of a percent in March to 4.7 percent. Although this is the first increase in the unemployment rate since June 2000, it is still three-tenths of a percent below the March 2000 rate. The number of people unemployed in California rose by 28,000 in March to 808,000. The San Francisco Bay area continues to enjoy the lowest unemployment rates in the state.

Residential building, measured by permit activity, made unusually strong gains in January. To avoid anticipated permitting fee increases, builders in various locations hastened their permit actions into January. Two cities, Los Angeles and Brentwood (Contra Costa county), accounted for 73 percent of the year-over-year residential permit increases. Statewide, residential permits in January rose nearly 22 percent from a year ago, with double-digit increases in both single and multi-family sectors.

Following January's surge, residential building moderated in February. On a year-over-year basis, it was down 4 percent from February 2000. Although multi-family construction declined, single-family construction posted a major gain of 18.2 percent from a year ago. Total residential permits reached an annual rate of 153,300 units in February, still holding above the full year total of 148,200 units permitted in 2000.

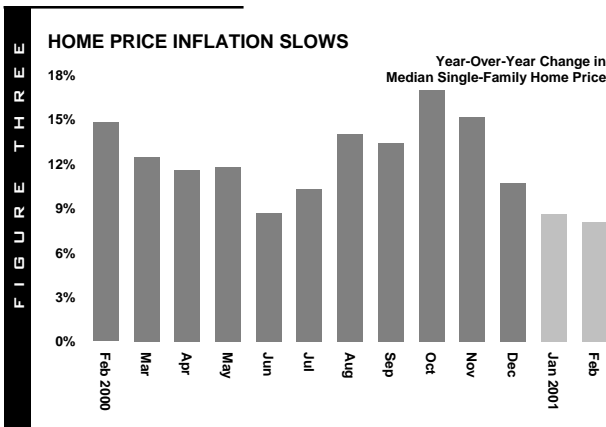
Nonresidential construction, measured by permit values, also surged in January, then slowed in February, but was still up 8.6 percent over the year. Office construction again led this growth, supported by exceptionally strong growth in parking garage and service station construction.

REAL ESTATE

MEDIAN HOME
PRICE HOLDS
STEADY

Closed escrow sales of existing, single-family homes in California reached a seasonally adjusted annual rate of 486,370 units in February, down 13.3 percent from one year ago. The median price of a single-family home dropped for the fourth month in a row in February. At \$245,560, the median home price was up 8.1 percent increase over the February 2000 median—the weakest year-over-year advance since September 1999, possibly portending a leveling off in the sharp rise in housing costs that have helped boost consumer prices in recent months.

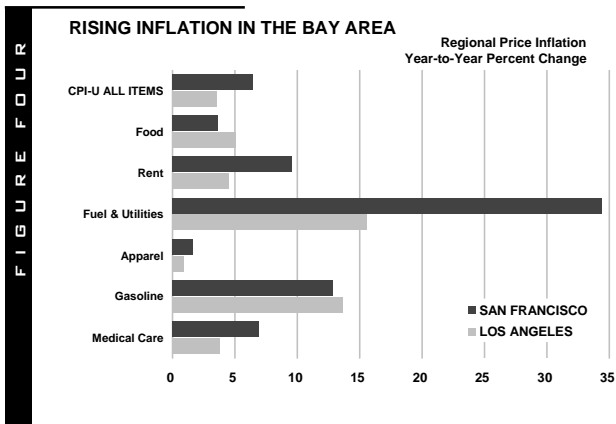
With moderating home prices and falling interest rates, California's home affordability rate registered its first year-over-year improvement in 23 months in February. According to the California Association of Realtors, the state's home affordability index—the percentage of households that can afford to purchase a median-priced home—reached 35 percent. With an affordability rate of 11 percent, the San Francisco Bay area remained the least affordable region in the state.



INFLATION

ENERGY COSTS
BOOST
INFLATION

Rising housing and energy costs in the San Francisco Bay Area drove California's year-over-year inflation rate up to 4.5 percent in February. Inflation in the Los Angeles Metropolitan area, at 3.5 percent, essentially matched the nation's rate. Bay Area utility costs jumped 34.5 percent from year ago, principally from rising natural gas prices. Rents in the Bay Area jumped 9.6 percent from February 2000, compared to 4.5 percent in Los Angeles. Overall, the San Francisco Consumer Price Index was up 6.5 percent over the year, well above any other area in the nation.



CALIFORNIA FOREIGN TRADE IN 2000

Exports are a vital component of California's economy. The year 2000 saw a tremendous increase in the export of made-in-California goods. California is the home of the nation's busiest international ports, and the state is the nation's leading producer of exported goods.

California-made exports virtually exploded in 2000, expanding by nearly 21 percent overall. Year-over-year export gains were led by Mexico, Japan, and South Korea. Last year's strong growth followed a 2 percent rise in 1999. Exports actually fell in 1998 in response to the Asian economic crisis. Exports to all but five of California's top 25 trading partners grew by double-digits in 2000. Pacific Rim-destined exports, which account for more than two-fifths of all California exports, rose over 27 percent. Exports to NAFTA—Mexico and Canada—increased over 21 percent.

EXPORTS EXPLODE IN 2000

HIGH TECHNOLOGY TO THE PACIFIC RIM DRIVES GROWTH

High technology trade with the Pacific Rim is California's leading export component. The four high technology industry groups—machinery (including computers), electrical and electronic equipment, transportation equipment, and instruments—accounted for three quarters of all California exports in 2000. High technology exports destined for the Pacific Rim represented 36 percent of all California-made exports.

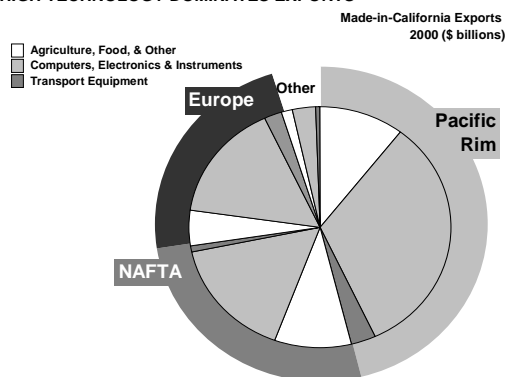
Even more striking is high tech's contribution to recent export growth. High technology exports accounted for over 80 percent of California's export growth in 2000 and those bound for the Pacific Rim represented 47 percent of the total gain.

Following generally strong performances in 1999, the economies of most of California's major trading partners sustained healthy growth rates in 2000 overall. In some countries, however, various factors including higher oil prices, a weakening U.S. economy, and softening equity markets led to some slowing in the latter half of the year.

The most significant improvement was the turnaround in exports to Japan. Its year-over-year national economic growth, while still tepid through the third quarter of 2000, was more than double the growth achieved in 1999. Exports of California-made goods grew by more than 25 percent in 2000.

FIGURE FIVE

HIGH TECHNOLOGY DOMINATES EXPORTS



Source: Massachusetts Institute for Social and Economic Research

FIGURE SIX

STRONG EXPORT GROWTH

Made-in-California Exports Top 25 Destinations*

Country	Exports (\$millions)		Percent Change
	1999	2000	
1 Mexico	\$ 14,916.0	\$ 19,029.5	27.6%
2 Japan	\$ 13,753.5	\$ 17,270.5	25.6%
3 Canada	\$ 13,236.5	\$ 15,061.9	13.8%
4 South Korea	\$ 6,675.9	\$ 9,077.4	36.0%
5 China (Taiwan)	\$ 6,469.0	\$ 8,018.1	23.9%
6 United Kingdom	\$ 5,461.2	\$ 6,329.0	15.9%
7 Germany	\$ 4,595.5	\$ 5,553.0	20.8%
8 Singapore	\$ 4,874.7	\$ 5,263.8	8.0%
9 Netherlands	\$ 4,212.0	\$ 5,132.3	21.8%
10 Hong Kong	\$ 3,949.7	\$ 4,483.7	13.5%
11 China (Mainland)	\$ 2,667.9	\$ 3,854.2	44.5%
12 Malaysia	\$ 2,189.2	\$ 3,106.3	41.9%
13 France	\$ 2,388.7	\$ 3,109.7	30.2%
14 Thailand	\$ 1,319.4	\$ 2,141.0	62.3%
15 Australia	\$ 2,398.6	\$ 2,643.2	10.2%
16 Philippines	\$ 1,575.9	\$ 2,023.3	28.4%
17 Italy	\$ 1,396.1	\$ 1,674.3	19.9%
18 Brazil	\$ 1,375.6	\$ 1,424.1	3.5%
19 Ireland	\$ 1,187.9	\$ 1,283.3	8.0%
20 Belgium	\$ 1,087.1	\$ 1,127.9	3.8%
21 Israel	\$ 964.8	\$ 1,160.7	20.3%
22 Saudi Arabia	\$ 903.0	\$ 409.1	-54.7%
23 Switzerland	\$ 928.5	\$ 1,033.6	11.3%
24 Spain	\$ 764.6	\$ 877.1	14.7%
25 Sweden	\$ 638.3	\$ 731.0	14.5%
Rest of the World	\$ 7,519.0	\$ 7,903.2	5.1%
California Exports	\$ 107,448.7	\$ 129,721.3	20.7%

* Based on 2000 exports.

Source: Massachusetts Institute for Social and Economic Research

JAPAN IMPROVES IN 2000

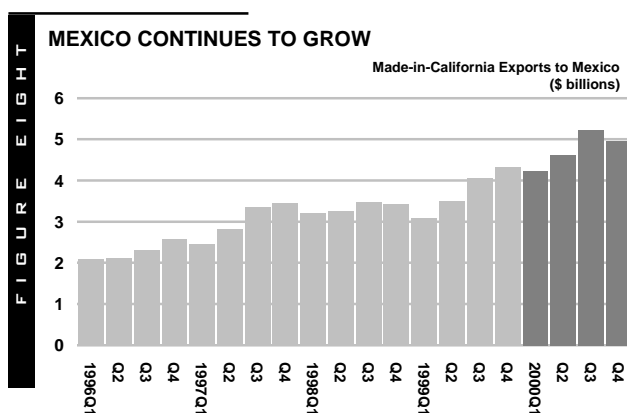
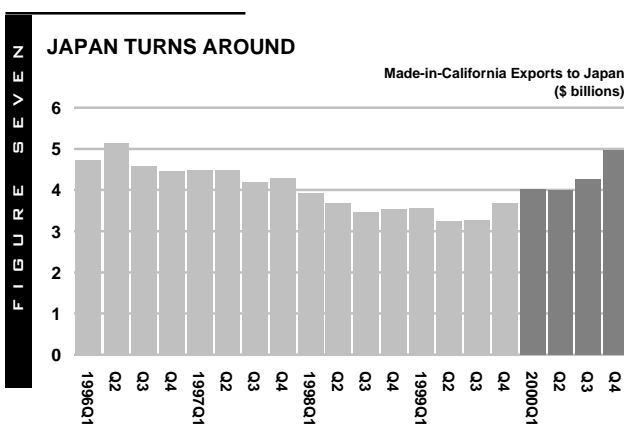
Japan's economic growth, led by strong private sector investment growth, was modest in 2000 but significantly better than in 1999. Real GDP growth averaged 1.6 percent during the first three quarters of 2000 compared to 0.78 percent throughout 1999. Suffering from weak domestic consumption, Japan was sustained by the stronger economies of the U.S., Europe, and Asia. Japan's future outlook, however, depends chiefly on its ability to undertake domestic regulatory and financial reforms.

STRONG GROWTH IN MEXICO

Mexico—California's leading trading partner for the second year in a row—improved its economic growth in 2000. Real GDP grew by an average of 7.5 percent during the first three quarters of 2000 based on strong demand from the U.S., rising consumer confidence, and high oil prices that stimulated government revenues and spending. If this growth rate is maintained, Mexico's 2000 growth rate will be the fastest achieved in 19 years.

The other NAFTA partner, Canada, saw its growth rate soften after mid-year in response to a softer U.S. economy. Manufacturing slowed considerably due to reduced automobile output. Weak lumber prices also hurt the logging, forestry, and wood products industries. Canada should continue to grow, albeit at a slower pace in the near term.

European economies experienced strong growth in the first half of 2000. In the second half, however, a slowing U.S. economy, declining consumer confidence, and rising oil prices cooled things considerably. The most marked slowdown was in Germany and Italy. Modest but sustained growth is expected for the next several years.



SELECT INDICATORS

EMPLOYMENT

EMPLOYMENT (Seasonally adjusted)

	2001			2000		Yr-Over-Yr % Change
	Mar	Feb	Jan	Dec	Mar	
Civilian employment (000)	16,512	16,497	16,467	16,435	16,092	2.6
Unemployment (000)	808	780	796	816	851	-5.1
Unemployment rate	4.7	4.5	4.6	4.7	5.0	--
Nonagricultural wage and salary employment (000)	14,798.1	14,741.2	14,713.7	14,758.8	14,359.5	3.1
Mining	23.8	23.6	23.6	23.4	23.1	3.0
Construction	766.4	761.7	760.1	761.4	715.5	7.1
Manufacturing	1,948.3	1,945.0	1,950.1	1,953.2	1,936.5	0.6
Durable	1,227.8	1,226.2	1,228.6	1,231.1	1,207.3	1.7
High technology a/	516.9	517.4	517.6	519.9	508.7	1.6
Computer and office equipment	94.0	94.0	94.2	94.7	94.5	-0.5
Communications equipment	43.2	43.2	43.5	43.5	40.8	5.9
Electronic components	167.0	167.6	167.9	168.5	159.4	4.8
Aircraft and parts	71.3	71.3	71.6	72.7	77.5	-8.0
Missiles, spacecraft, and parts	20.7	20.8	21.0	21.1	22.0	-5.9
Search and navigation equipment	48.6	48.4	48.1	48.2	49.0	-0.8
Measuring and controlling devices	72.1	72.1	71.3	71.2	65.5	10.1
Nondurable	720.5	718.8	721.5	722.1	729.2	-1.2
Transportation and public utilities	765.6	761.1	761.1	759.7	736.5	4.0
Trade	3,359.9	3,344.4	3,329.2	3,336.0	3,280.2	2.4
Wholesale	848.8	845.0	842.0	842.9	826.1	2.7
Retail	2,511.1	2,499.4	2,487.2	2,493.1	2,454.1	2.3
Finance, insurance, and real estate	840.7	837.2	833.5	831.0	820.1	2.5
Services e/	4,739.4	4,720.3	4,710.9	4,751.8	4,547.4	4.2
Business services	1,433.8	1,426.7	1,425.7	1,430.8	1,321.2	8.5
Motion pictures	189.9	185.6	191.7	195.1	189.9	0.0
Amusement and recreation services	213.6	213.4	210.4	218.3	208.6	2.4
Engineering and management consulting	474.9	474.7	473.1	482.2	456.0	4.1
Government	2,354.0	2,347.9	2,345.0	2,342.3	2,300.2	2.3
Federal	261.4	260.8	261.9	260.3	274.4	-4.7
State and local	2,092.6	2,087.1	2,083.3	2,082.0	2,025.8	3.3

HOURS & EARNINGS

HOURS AND EARNINGS IN MANUFACTURING (Not seasonally adjusted)

Average weekly hours	41.1	40.9	40.8	42.2	41.3	-0.5
Average weekly earnings	\$596.77	\$593.05	\$591.60	\$611.90	\$581.50	2.6
Average hourly earnings	\$14.52	\$14.50	\$14.50	\$14.50	\$14.08	3.1

CONSUMER PRICES

CONSUMER PRICE INDEX (1982-84=100) (Not seasonally adjusted)

All Urban Consumers Series						
California Average	n.a.	179.8	n.a.	177.3	n.a.	--
San Francisco CMSA	n.a.	187.9	n.a.	184.1	n.a.	--
Los Angeles CMSA	176.2	175.4	174.2	173.5	170.7	3.2
Urban Wage Earners and Clerical Workers Series						
California Average	n.a.	172.8	n.a.	170.6	n.a.	--
San Francisco CMSA	n.a.	183.5	n.a.	180.2	n.a.	--
Los Angeles CMSA	169.1	168.3	167.3	166.7	163.9	3.2

CONSTRUCTION

CONSTRUCTION

	2001		2000			Yr-Over-Yr % Change
	Feb	Jan	Dec	Nov	Feb	
Private residential housing units authorized (000) b/	153.3	206.2	169.9	151.6	160.1	-4.2
Single units	124.6	139.0	117.7	113.3	105.4	18.2
Multiple units	28.7	67.2	52.3	38.3	54.7	-47.4
Residential building authorized valuation (millions) c/	\$2,672	\$3,536	\$2,580	\$2,642	\$2,467	8.3
Nonresidential building authorized valuation (millions) c/	\$1,642	\$1,947	\$1,714	\$1,751	\$1,511	8.6
Nonresidential building authorized valuation (millions) d/	\$1,286	\$1,660	\$1,482	\$1,502	\$1,190	8.0
Commercial	555	703	553	656	381	45.9
Industrial	99	196	212	80	144	-30.8
Other	136	194	183	167	137	-1.2
Alterations and additions	495	568	534	599	528	-6.3

AUTO SALES

AUTO SALES (Seasonally adjusted)

New auto registrations (number)	n.a.	156,579	142,110	152,951	151,672	--
---------------------------------	------	---------	---------	---------	---------	----

a/ Based on the 1987 SIC codes. These values are not seasonally adjusted.

b/ Seasonally adjusted at annual rate

c/ Seasonally adjusted

d/ Not seasonally adjusted

e/ Only select industry components are shown therefore will not add to total.

n.a. Not available

**SELECT
INDICATORS
(CONTINUED)**

VACANCY RATES

— . . . —

**VACANCY RATES FOR 4TH QUARTER 2000
(Percent)**

	Office			Industrial
	Total	Downtown	Suburban	
Northern and Central California:				
Oakland-East Bay	2.5	2.0	2.7	--
Sacramento	5.8	5.3	6.0	10.3
San Francisco	3.5	3.4	3.7	5.0
San Jose	2.6	1.4	2.9	--
Southern California:				
Los Angeles Metro	11.4	16.9	10.2	8.0
Orange County	10.6	--	10.6	--
San Diego	5.1	7.0	4.7	5.2
Ventura County	10.8	--	10.8	--
National Average	7.8	6.3	8.8	7.6

MEDIAN PRICES

— . . . —

MEDIAN PRICE OF EXISTING SINGLE-FAMILY HOMES

2000				2001		
Jan	\$233,947	Jul	243,243	Jan	\$245,930	Jul
Feb	230,519	Aug	255,582	Feb	245,560	Aug
Mar	238,871	Sep	247,360	Mar		Sep
Apr	240,953	Oct	252,510	Apr		Oct
May	240,908	Nov	251,760	May		Nov
Jun	244,000	Dec	249,140	Jun		Dec

**LEADING
INDICATORS/A**

		Overtime Hours	Average Weekly Hours	Unemployment Insurance Initial Claims	New Business Incorporations	Housing Unit Authorizations (Thousands)
1997	Jan	4.7	41.4	66,020	4,712	92.9
	Feb	4.8	41.8	56,117	4,358	124.2
	Mar	5.1	42.1	58,765	3,571	94.5
	Apr	5.0	41.9	60,178	3,908	103.3
	May	5.0	41.8	59,332	4,500	108.8
	Jun	4.9	41.7	63,601	4,383	108.7
	Jul	4.9	41.8	61,923	4,750	114.1
	Aug	5.1	42.0	63,215	4,236	114.0
	Sep	5.0	42.1	64,015	4,742	118.2
	Oct	5.0	42.0	61,550	4,745	131.4
	Nov	5.0	42.2	57,984	4,439	115.4
	Dec	5.1	42.2	59,066	4,824	109.3
1998	Jan	5.1	42.0	56,203	4,716	113.1
	Feb	5.0	41.9	59,940	4,559	116.2
	Mar	4.9	41.8	58,820	4,598	119.1
	Apr	4.5	41.1	58,157	5,009	116.1
	May	4.7	41.8	58,924	4,540	119.5
	Jun	4.8	41.9	54,258	4,718	148.3
	Jul	4.8	42.0	54,260	4,845	120.1
	Aug	4.6	41.8	52,863	4,405	135.8
	Sep	4.5	41.6	50,654	3,722	121.9
	Oct	4.7	41.8	53,019	4,722	132.8
	Nov	4.6	41.7	54,254	4,778	136.9
	Dec	4.6	41.8	54,316	4,605	129.5
1999	Jan	4.6	42.0	51,980	4,942	151.2
	Feb	4.7	41.9	52,386	5,047	140.4
	Mar	4.7	41.9	53,251	6,016	139.1
	Apr	4.7	41.9	53,415	5,011	138.4
	May	4.8	41.9	50,463	5,364	137.7
	Jun	4.7	41.9	51,412	5,528	150.1
	Jul	4.6	41.8	51,272	5,300	143.0
	Aug	4.6	41.6	51,151	5,890	136.8
	Sep	4.6	41.5	49,985	5,781	127.0
	Oct	4.8	41.6	49,621	5,685	128.0
	Nov	4.8	41.5	51,198	6,098	143.7
	Dec	4.8	41.5	45,432	6,470	145.2
2000	Jan	4.9	41.4	50,599	6,530	169.3
	Feb	4.9	41.3	48,720	6,769	160.1
	Mar	4.9	41.3	47,543	8,319	159.0
	Apr	5.2	41.9	45,925	7,465	135.9
	May	5.0	41.5	47,972	6,824	129.5
	Jun	5.1	41.7	49,091	7,218	188.9
	Jul	5.1	41.6	48,595	7,149	126.8
	Aug	4.9	41.6	47,998	7,240	143.5
	Sep	5.0	42.0	47,351	7,027	134.0
	Oct	5.2	41.8	49,757	7,334	135.5
	Nov	4.8	41.6	47,904	7,735	151.6
	Dec	4.8	41.5	52,955	6,240	169.9
2001	Jan	4.4	40.9	47,965	7,512	206.2
	Feb	4.5	41.2	48,812	6,244	153.3
	Mar	4.4	41.1	53,582	6,477	n.a.

a/ Seasonally adjusted by the California Department of Finance.
n.a. Not available

COINCIDENT INDICATORS/A

EMPLOYMENT, UNEMPLOYMENT

— . . . —

		Nonagricultural Employment (Thousands)	Manufacturing Employment (Thousands)	Unemployment Rate (Percent)	Unemployment Avg. Weeks Claimed (Thousands)
1997	Jan	12,903	1,878	6.7	444
	Feb	12,968	1,887	6.6	410
	Mar	13,017	1,895	6.4	374
	Apr	13,080	1,899	6.4	397
	May	13,096	1,905	6.3	367
	Jun	13,129	1,913	6.3	379
	Jul	13,158	1,920	6.2	396
	Aug	13,176	1,923	6.2	374
	Sep	13,220	1,927	6.2	382
	Oct	13,253	1,933	6.2	386
	Nov	13,263	1,942	6.1	374
	Dec	13,332	1,952	6.1	401
1998	Jan	13,405	1,954	6.1	337
	Feb	13,428	1,957	6.1	362
	Mar	13,454	1,960	6.0	364
	Apr	13,495	1,960	6.0	366
	May	13,537	1,965	6.0	356
	Jun	13,578	1,962	5.9	352
	Jul	13,604	1,946	5.9	351
	Aug	13,649	1,945	5.9	358
	Sep	13,705	1,953	6.0	354
	Oct	13,728	1,944	5.8	334
	Nov	13,768	1,937	5.8	354
	Dec	13,801	1,933	5.8	371
1999	Jan	13,786	1,925	5.6	356
	Feb	13,827	1,923	5.6	366
	Mar	13,856	1,924	5.5	369
	Apr	13,900	1,925	5.4	363
	May	13,925	1,924	5.2	377
	Jun	13,948	1,923	5.2	376
	Jul	14,002	1,922	5.1	350
	Aug	14,033	1,923	5.0	358
	Sep	14,064	1,927	5.0	364
	Oct	14,084	1,924	5.0	344
	Nov	14,121	1,923	5.0	348
	Dec	14,171	1,925	5.0	341
2000	Jan	14,256	1,933	4.9	357
	Feb	14,306	1,934	4.9	345
	Mar	14,360	1,937	5.0	345
	Apr	14,409	1,937	5.0	335
	May	14,480	1,940	5.0	333
	Jun	14,507	1,947	5.1	333
	Jul	14,579	1,952	5.0	334
	Aug	14,612	1,953	5.0	343
	Sep	14,644	1,951	4.9	314
	Oct	14,676	1,952	4.9	332
	Nov	14,707	1,953	4.8	348
	Dec	14,759	1,953	4.7	315
2001	Jan	14,714	1,950	4.6	350
	Feb	14,741	1,945	4.5	354
	Mar	14,798	1,948	4.7	349

INCOME, WAGES, TAXABLE SALES

— . . . —

		Personal Income (\$ millions)	Wages & Salaries from Mining, Construction and Manufacturing (\$ millions)	Taxable Sales (\$ millions)
1995	Qtr I	756,093	85,169	72,555
	Qtr II	770,213	86,494	74,894
	Qtr III	777,974	87,800	76,045
	Qtr IV	781,601	88,764	76,863
1996	Qtr I	801,895	93,871	78,937
	Qtr II	806,756	91,200	80,116
	Qtr III	811,252	90,351	80,398
	Qtr IV	829,714	94,874	81,145
1997	Qtr I	841,316	100,333	82,866
	Qtr II	852,798	102,251	84,167
	Qtr III	869,311	104,352	85,968
	Qtr IV	885,034	105,143	87,444
1998	Qtr I	901,547	108,286	87,246
	Qtr II	914,431	111,341	89,126
	Qtr III	929,394	112,827	90,733
	Qtr IV	951,641	117,286	91,120
1999	Qtr I	954,565	117,047	93,739
	Qtr II	976,823	121,074	97,146
	Qtr III	1,002,894	127,493	99,747
	Qtr IV	1,031,245	131,080	103,096
2000	Qtr I	1,090,850	147,778	107,393
	Qtr II	1,085,707	141,268	109,940
	Qtr III	1,121,292	151,793	109,979
	Qtr IV	1,125,041	148,074	109,409

a/ Seasonally adjusted by the California Department of Finance with the exception of the nonagricultural and manufacturing employment and the unemployment rate which are seasonally adjusted by the California Employment Development Department.

OTHER
INDICATORS

DOD Prime Contracts a/						Foreign Trade through California Ports			
	\$ millions	% of U.S.		\$ millions	% of U.S.	\$ millions		\$ millions	
1981-82	22,685	21.8	1991-92	23,843	21.2	2000		2001	
1982-83	26,387	22.2	1992-93	22,952	20.1	Jan	27,067	Jan	31,457
1983-84	28,520	23.0	1993-94	22,573	20.5	Feb	27,883		
1984-85	29,115	20.8	1994-95	18,277	16.8	Mar	31,957		
1985-86	27,738	20.4	1995-96	18,230	16.7	Apr	31,128		
1986-87	24,515	18.4	1996-97	18,477	17.3	May	30,898		
1987-88	23,458	18.7	1997-98	17,401	15.9	Jun	33,650		
1988-89	23,125	19.3	1998-99	17,372	15.1	Jul	33,222		
1989-90	22,312	18.4	1999-00	18,100	14.7	Aug	35,781		
1990-91	24,265	19.5				Sep	35,250		
						Oct	37,506		
						Nov	34,125		
						Dec	33,615		

a/ U.S. fiscal year: October through September

TECHNICAL
NOTE

ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are manufacturing employment and taxable sales. These series are discussed in the technical note below.

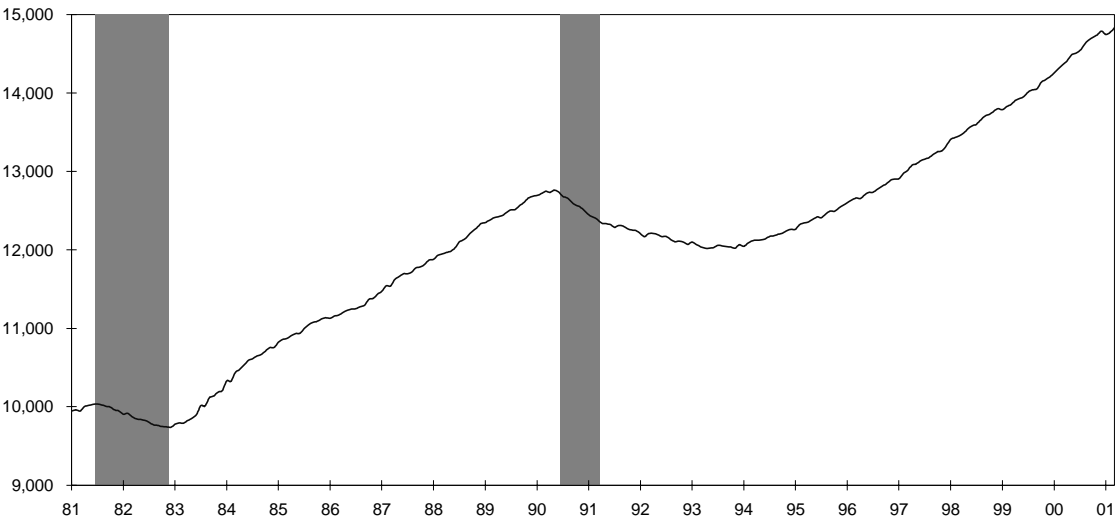
Whenever appropriate, data used in the charts have been seasonally adjusted. The method of seasonal adjustment is the X-11 Arima program. Persons interested in a detailed description of this method are referred to Statistics Canada, *The X-11 Arima Seasonal Adjustment Method* (Catalog No. 12-564E, February 1980).

Under the X-11 Arima method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to “freeze” the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

This series is an addition to the NBER indicator list. It is used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is, therefore, a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950. The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but are of interest to persons looking at overall economic developments.

NONAGRICULTURAL
EMPLOYMENT
(THOUSANDS,
SEASONALLY ADJUSTED)



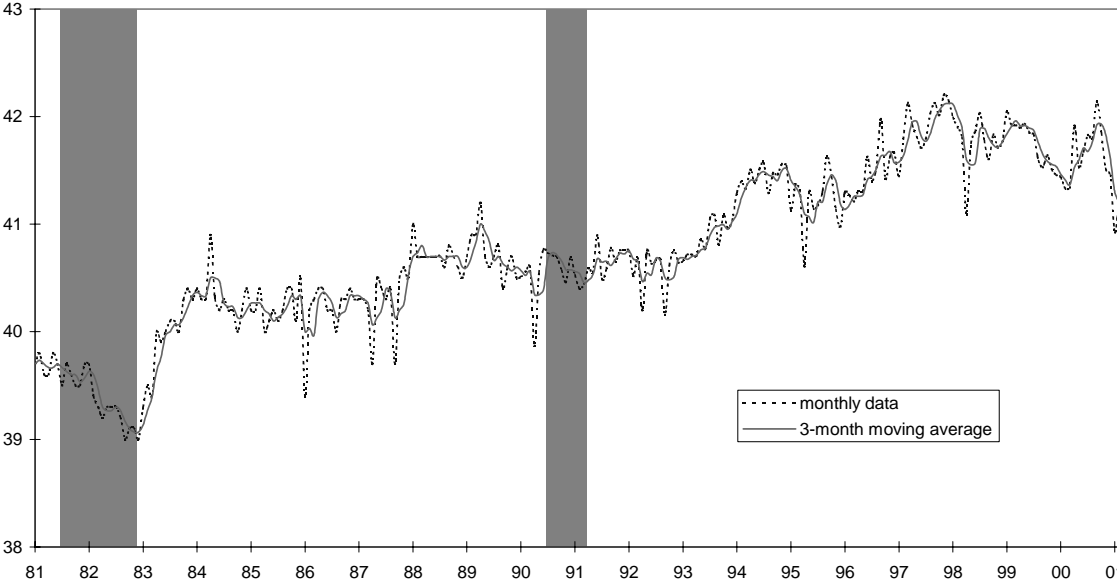
**MANUFACTURING
EMPLOYMENT**
(THOUSANDS,
SEASONALLY ADJUSTED)

— . . . —



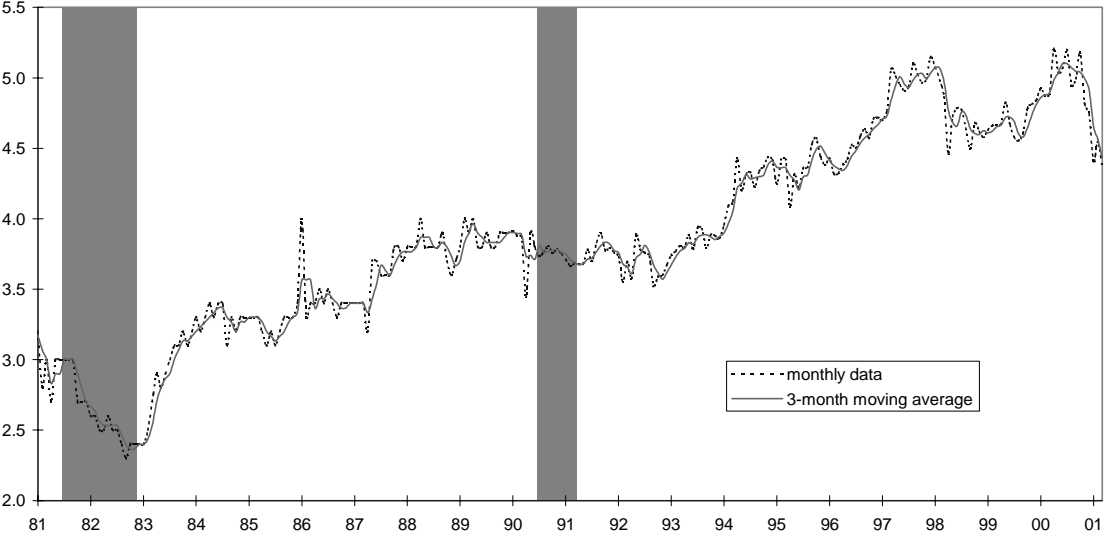
**AVERAGE WEEKLY
HOURS,
MANUFACTURING**
(SEASONALLY ADJUSTED)

— . . . —



**AVERAGE OVERTIME
HOURS,
MANUFACTURING**
(SEASONALLY ADJUSTED)

— . . . —



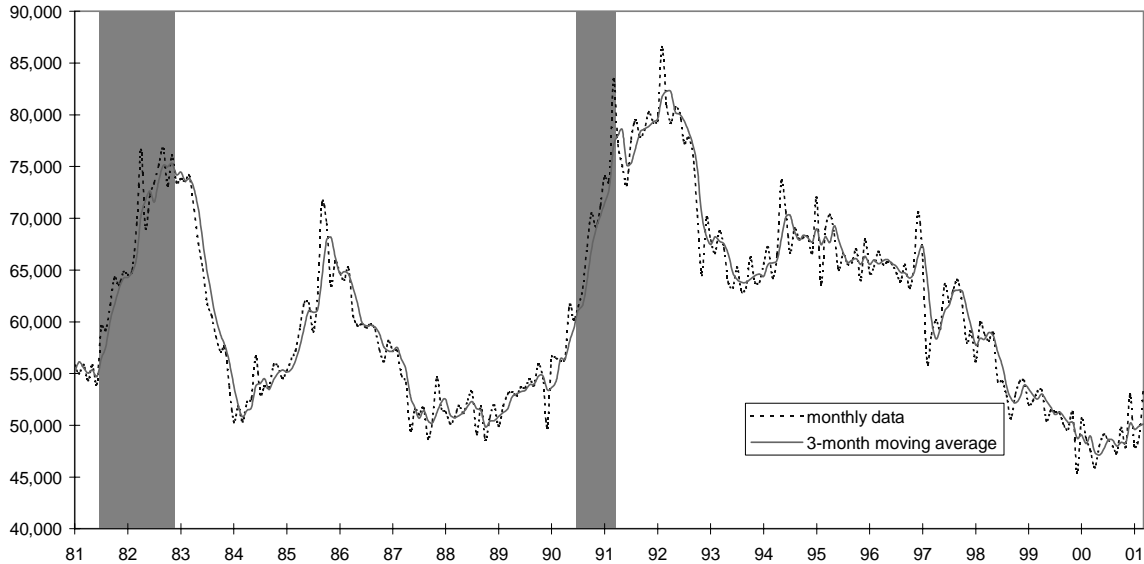
UNEMPLOYMENT RATE (PERCENT)

— . . . —



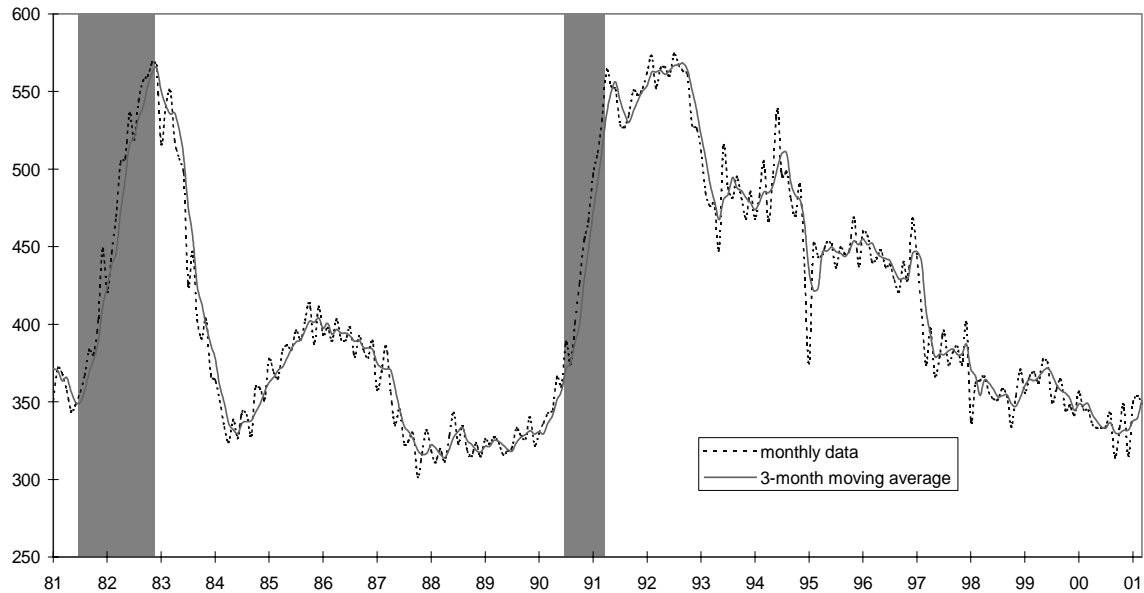
INITIAL & TRANSITIONAL CLAIMS FOR UNEMPLOYMENT INSURANCE (WEEKLY AVERAGE, SEASONALLY ADJUSTED)

— . . . —

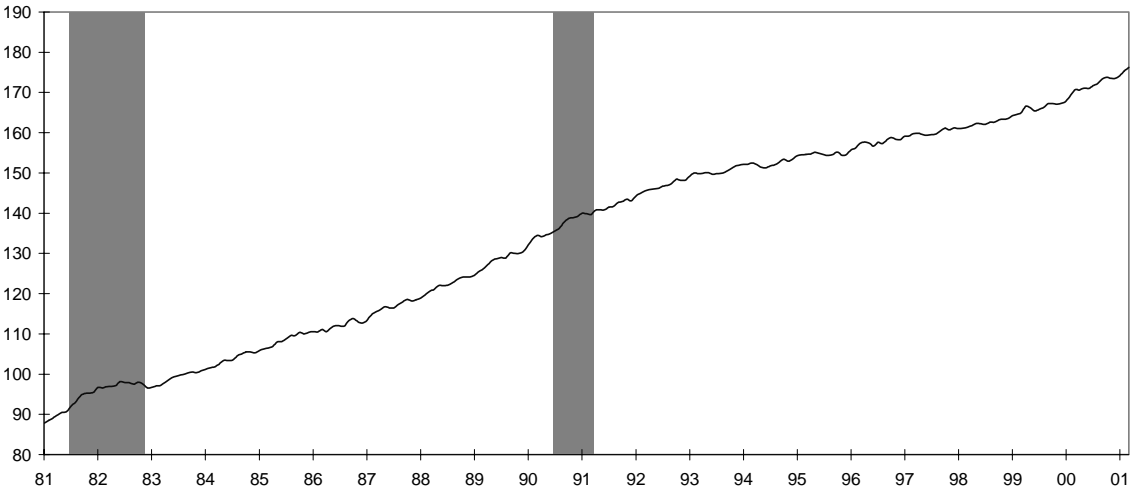


UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (THOUSANDS, SEASONALLY ADJUSTED)

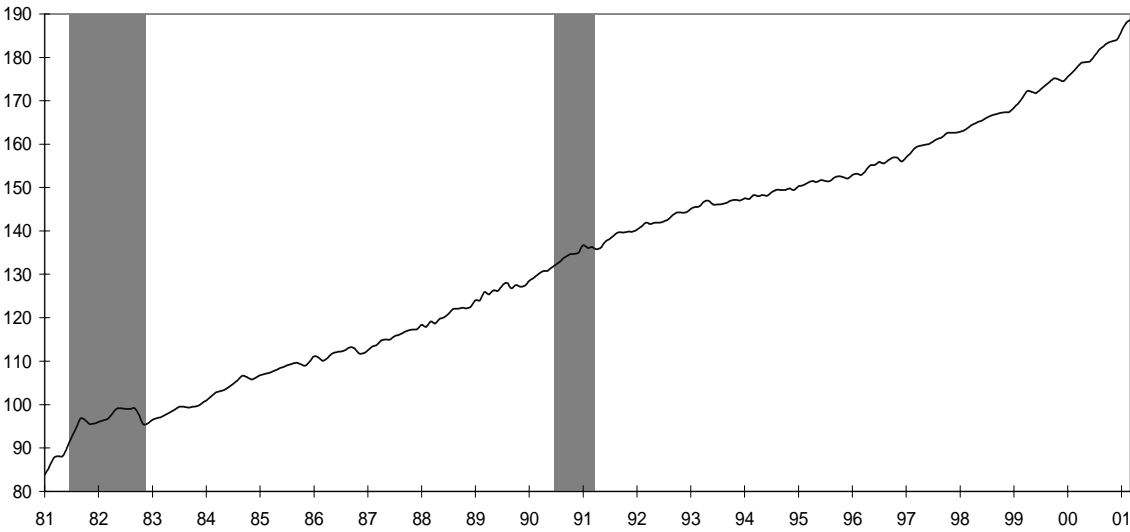
— . . . —



CONSUMER PRICE
INDEX,
LOS ANGELES
(1982-84=100)
— . . . —



CONSUMER PRICE
INDEX,
SAN FRANCISCO
(1982-84=100)
— . . . —

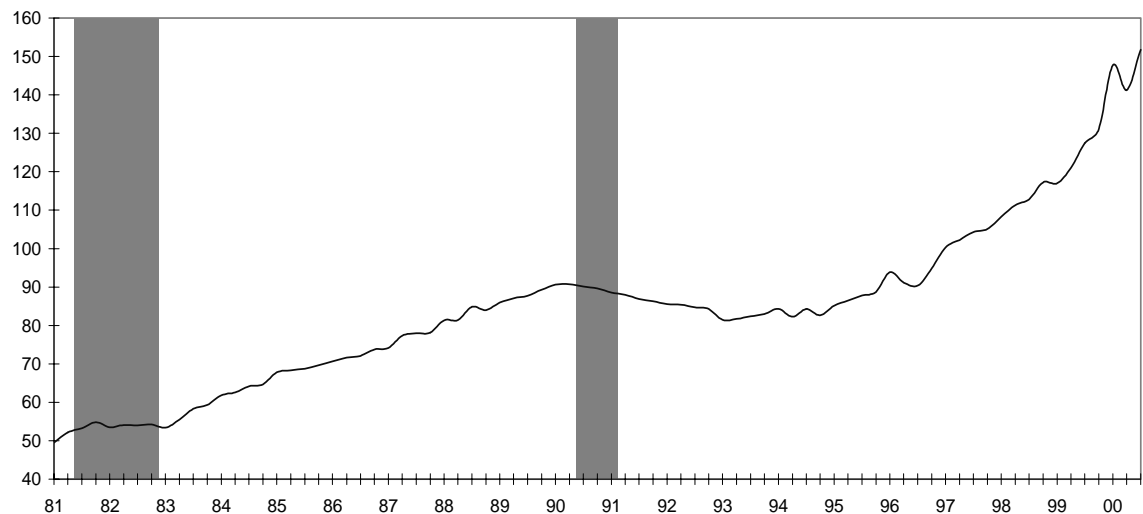


TAXABLE SALES
(DOLLARS IN BILLIONS,
SEASONALLY ADJUSTED)
— . . . —



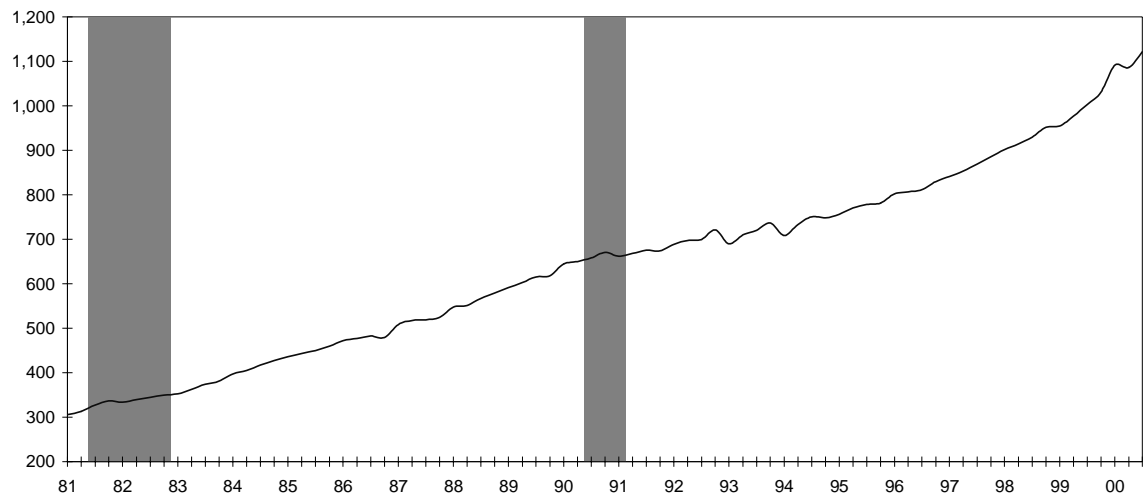
WAGES AND SALARIES IN MINING, CONSTRUCTION AND MANUFACTURING

(DOLLARS IN BILLIONS, SEASONALLY ADJUSTED)



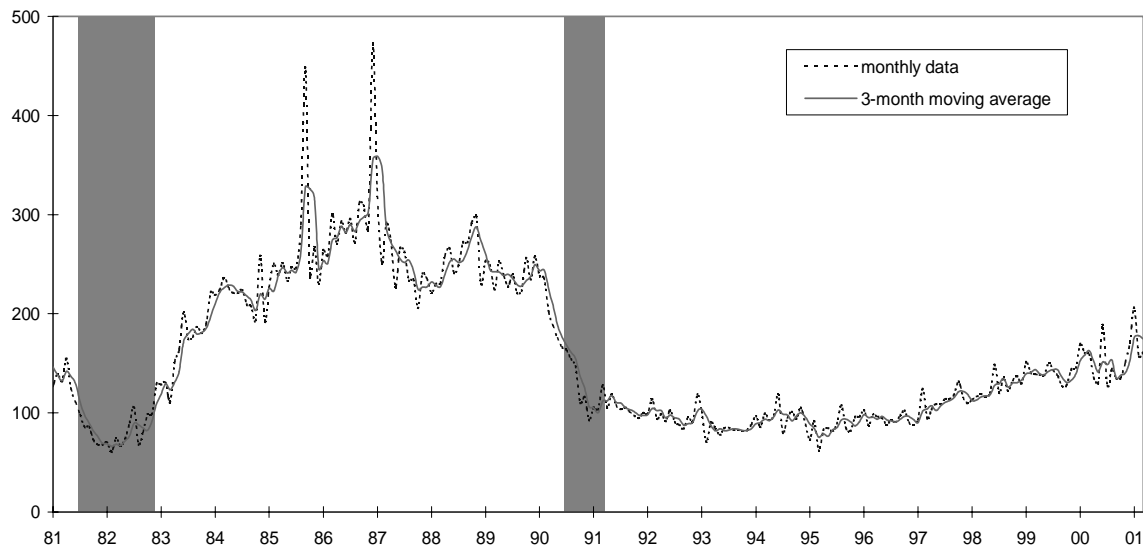
PERSONAL INCOME

(DOLLARS IN BILLIONS, SEASONALLY ADJUSTED)



NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMITS

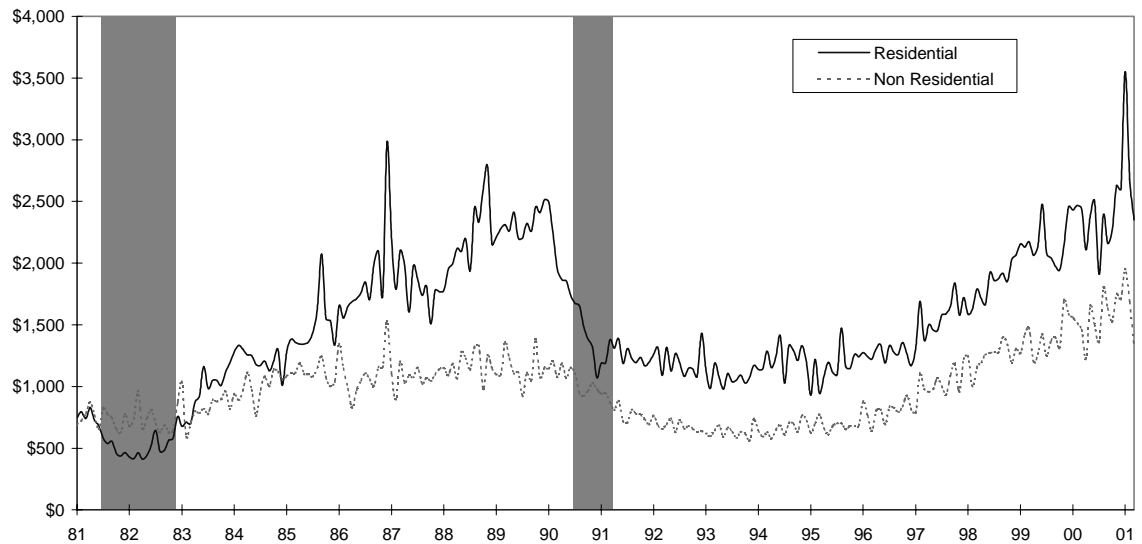
(THOUSANDS, SEASONALLY ADJUSTED AT ANNUAL RATE)



RESIDENTIAL & NONRESIDENTIAL BUILDING PERMIT VALUATION

(DOLLARS IN MILLIONS, SEASONALLY ADJUSTED)

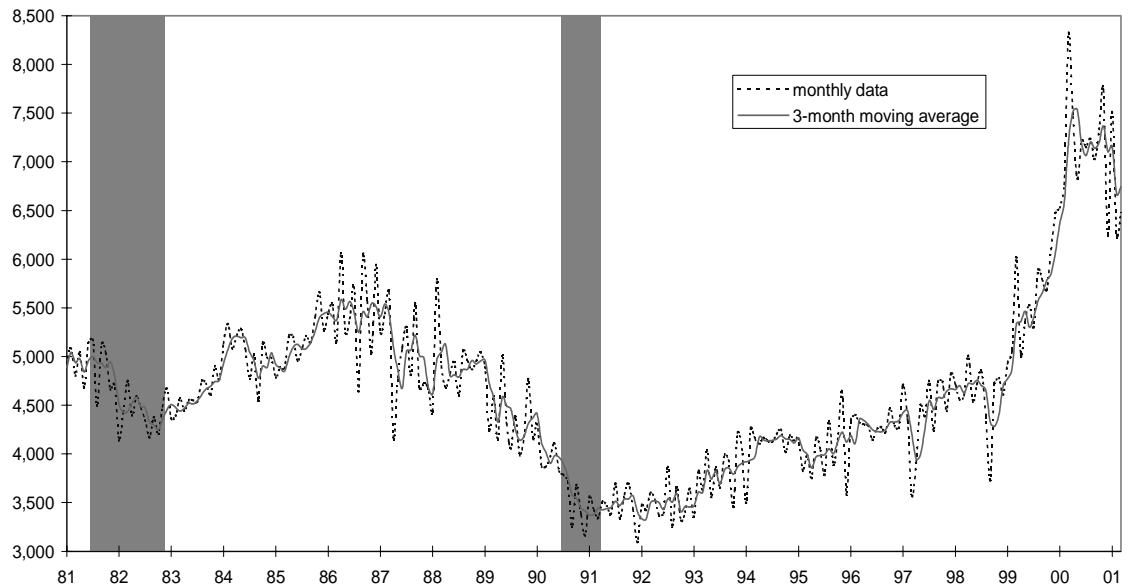
— . . . —



NEW BUSINESS INCORPORATIONS

(SEASONALLY ADJUSTED)

— . . . —



CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national and international events of general interest have also been included. A similar summary of event dating back to 1956 is available at the Department's home page at: <http://www.dof.ca.gov/>

1999

January 1

January 13

January 21

March 22

March 29

A new reserve currency, the "euro" is introduced, creating a single market in Europe. It will be the currency of reference for the 11 countries participating in the European Monetary Union.

Brazil devalues its currency sending U.S. stocks into a free fall.

The 1998 trade deficit hit an all-time high of \$175 billion, 58 percent more than the shortfall recorded in 1997.

OPEC agreed to reduce crude oil production by 2.1 million barrels per day and maintain lower levels of output for a full year.

Dow Jones Industrial average topped the 10,000 mark.

April 9	The European Central Bank cut its key discount rate, for the first time, from 3.0 to 2.5 percent.
June 29	Federal funds rate raised from 4.75 to 5.00 percent.
July 28	GDP rose 2.3 percent in second quarter.
August 24	Federal funds rate raised from 5.00 to 5.25 percent. Discount rate raised from 4.50 to 4.75 percent.
September 21	A 7.6 magnitude earthquake hits Taiwan.
September 30	In 1998, the US poverty rate fell to its lowest in 20 years at 12.7 percent. Real median household income hit a record 3.5 percent growth surpassing its pre-recessionary peak in 1989, and for the first time since 1975, all four US regions experienced significant increases.
September 30	Second quarter GDP growth rate revised to 1.6 percent, the smallest gain in four years.
October 4	MCI WorldCom to buy Sprint.
October 13	Producer Price Index for finished goods jumped 1.1 percent in September, the largest monthly increase in 9 years.
October 15	California's unemployment rate dropped to 4.9 percent, the lowest since 1969.
October 27	GDP for third quarter grew at 4.8 percent, 2 nd quarter growth rate was revised upward to 1.9 percent from the original 1.6 percent.
November 1	Dow Jones & Co. added the technology leaders Microsoft and Intel as well as two other issues, to its industrial average, the first time that Nasdaq stocks have been included. It also dropped four companies that have been components for most of the 20 th century.
November 2	Nasdaq closed above the 3000 mark for the first time. Packard Bell says it will end its computer manufacturing business, close its Sacramento plant, and lay off 80 percent of its US workforce.
November 16	Federal funds rate raised from 5.25 to 5.50 percent. Discount rate raised from 4.75 to 5.00 percent.
November 17	Crude-oil futures hit an almost nine-year high, rising 90 cents to \$26.60 a barrel.
November 24	Third quarter GDP grew at an annual rate of 5.5 percent, well above previous estimates.
November 30	Exxon and Mobil merger approved by federal regulators.
December 2	The euro fell to parity with the dollar for the first time since its launch in January as Europe's common currency.
December 17	Pharmacia and Monsanto agreed to merge.
December 22	Third quarter GDP rose at 5.7 percent annual pace, above the previous estimate of 5.5 percent.
December 29	Nasdaq closed above the 4000 mark for the first time.
January 27	Fourth quarter GDP grew at an annual rate of 5.8 percent.
February 2	Federal funds rate raised from 5.50 percent to 5.75 percent. Discount rate raised from 5.00 percent to 5.25 percent.
February 4	The nation's jobless rate at 4 percent is lowest in 3 decades.
February 7	Pfizer Inc. and Warner-Lambert Co complete merger deal.
March 20	Boeing Co. engineers and technical workers returned to work after a 40-day strike ending one of the biggest white-collar walkouts in US history. Crude oil prices drop below \$30 a barrel.
March 21	Federal funds rate raised from 5.75 percent to 6.0 percent. Discount rate raised from 5.25 percent to 5.50 percent.

2001

March 30	GDP growth rate for 4 th quarter was revised upward to 7.3 percent, its strongest pace since 1984.
April 7	President Clinton signed into law a bill allowing older Americans to work without losing any of their Social Security benefits.
April 10	Wells Fargo & Co agreed to acquire First Security Corporation of Utah.
April 27	First quarter GDP grew at an annual rate of 5.4 percent with consumer spending jumping 8.3 percent, the sharpest gain in more than 17 years. Employment cost index jumped 1.4 percent in the first quarter, the sharpest increase in 11 years.
May 16	Federal funds rate raised from 6.0 percent to 6.5 percent. Discount rate raised from 5.5 percent to 6.0 percent.
June 29	GDP 1 st quarter growth rate revised from 5.4 to 5.5 percent.
July 28	GDP 2 nd quarter grew at an annual rate of 5.2 percent.
August -	World oil prices are rising because of increasingly tight supplies. U.S. inventories are at their lowest level since 1976 and crude prices have increased significantly contributing to costlier gasoline and heating oil.
September 19	China was granted permanent normal trade relations status with the U.S.
September 28	GDP growth rate for 2 nd quarter was revised to 5.6 percent.
October 18	Social Security and Supplemental Security income payments will increase by 3.5 percent in 2001, the biggest in almost a decade.
October 31	OPEC plans to increase oil production by 500,000 barrels per day making it the fourth increase this year.
December 21	GDP for 3 rd quarter grew at an annual rate of 2.2 percent.
January 1	California's minimum wage raised from \$5.75 to \$6.25.
January 1	The California state rate portion of the total 7.25% sales tax rate was reduced by .25%, to a total tax rate of 7.00%.
January 3	Federal funds rate reduced to 6.0 percent from 6.5 percent. Discount rate reduced to 5.5 percent from 6.0 percent.
January 17	OPEC to cut oil production by 1.5 million barrels a day, or 5.6 percent of current output.
January 31	Federal funds rate reduced from 6.0 percent to 5.5 percent. Discount rate reduced from 5.5 percent to 5.0 percent.
March 19	OPEC to cut oil production by 1 million barrels a day.
March 19-20	California suffered rolling blackouts.
March 20	Federal funds rate reduced from 5.5 percent to 5.0 percent. Discount rate reduced from 5.0 percent to 4.5 percent.
March 27	California regulators approved retail electric rate increase.
March 29	GDP grew at an annual rate of 1 percent in the fourth quarter, the lowest in more than 5 years.
April 6	PG&E utility unit files for bankruptcy.
April 18	Federal funds rate reduced from 5.0 percent to 4.5 percent. Discount rate reduced from 4.5 percent to 4.0 percent.
April 23	A Tosco refinery explosion pushed gasoline prices to near record highs.
April 24	Standard & Poors lowered California's bond rating from AA to A+
April 27	GDP grew at an annual rate of 2 percent in the first quarter.

RETURN ADDRESS

CALIFORNIA
DEPARTMENT
OF FINANCE

915 - L STREET
EIGHTH FLOOR
SACRAMENTO, CA
95814

TO

SUBSCRIPTIONS

BEGINNING ISSUE	AMOUNT DUE
JAN/FEB	\$8.00
MAR/APR	6.75
MAY/JUNE	5.40
JULY/AUG	4.05
SEPT/OCT	2.70
NOV/DEC	1.35

MAIL SUBSCRIPTION REQUEST
AND PREPAYMENT
(NO BILLING AVAILABLE) TO:
CA DEPARTMENT OF FINANCE
P.O. Box 151
SACRAMENTO, CA 95801

INTERNET AVAILABLE

YOU CAN OBTAIN THE
CALIFORNIA ECONOMIC
INDICATORS,
AND OTHER
DEPARTMENT OF
FINANCE PUBLICATIONS
ON THE INTERNET AT
WWW.DOF.CA.GOV

